

**University of Massachusetts Building Authority**

**Audit Committee Meeting  
9:00 AM - Tuesday, June 8, 2021**

**REMOTE MEETING**

**PUBLIC LINK (Via Zoom)**  
<https://umassp.zoom.us/j/98732806523>

**DIAL-IN INFORMATION**  
**646-876-9923 301-715-8592**  
**Webinar ID: 978 3280 6523**

**Meeting Agenda**

**Welcome from the Executive Director**

**Technology Usage**

**Opening Remarks from Committee Chair**

**Reading and approval of minutes of the preceding meeting**

- Monday, November 23, 2020 Meeting (VOTE)

**KPMG 2021 Engagement Plan**

**Construction Audit Update**

- Best Practices
- SDQD
- NERB

**General Matters**

**Next Meeting**

- Wednesday, December 9, 2021

**MINUTES OF THE AUDIT COMMITTEE MEETING OF THE  
UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY**

**Tuesday November 23, 2020 at 10:00 am**

**REMOTE MEETING**

**PUBLIC LINK (Via Zoom)**

**DIAL-IN INFORMATION**

<https://umassp.zoom.us/j/99189668146>

**646-876-9923 301-715-8592**

**Webinar ID: 991 8966 8146**

The Audit Committee (the “Committee”) convened on Monday November 23, 2020. The meeting began at 10:00 am. In attendance were the following:

**Committee Members Present:** Mary Burns, Audit Committee Chair; Victor Woolridge, UMBA Board Chair and Kelly O’Neill.

**Building Authority Personnel:** Barbara J. Kroncke, Executive Director; David P. Mullen, General Counsel; Aaron D’Elia, Chief Financial Officer and Patti Vantine, Manager of Administrative Affairs.

**University of Massachusetts System Office:** Barbara Cevallos, Controller

**Others:** Katelyn Gregor; BlumShapiro; Broke Romano, KPMG; Blakeny Bell, KPMG

Chair Burns convened the meeting and asked for a vote to approve the minutes from the last Audit Committee meeting. A motion was approved and seconded and the minutes were approved. Chair Burns then introduced KPMG and asked that they provide their audit report.

KPMG, through Brock Romano and Blakeny Bell, presented their results of their audit of the financial statements of UMBA for the year ending June 30, 2020 to the Audit Committee. Mr. Romano said that KPMG was offering a clean unqualified opinion to the Building Authority this year.

Aaron D’Elia, Chief Financial Officer presented the Building Authority’s FY2020 Financial Statements. He explained that the most significant events included in the financial statements is the \$330 million bond transaction for 2020-1 and 2020-2. UMBA also refunded \$319M of UMBA bonds at the same time, bond series 2020-3 and the produced approximately \$6M of cash flow savings.

Executive Director Kroncke updated the committee on the work that is ongoing to update UMBA’s Internal Management Procedures regarding construction audits. BlumShapiro has been selected to work with the UM team to draft Best Practices Guidelines. UMBA chose five firms to work on

future audits. The SDQD Project and the NERB Project will be the first two projects to begin Construction Audits in 2021.

Meeting was adjourned at 10:40 am.



# University of Massachusetts Building Authority Presentation to the Audit Committee

**2021 audit plan**

June 8, 2021



# Table of contents: 2021 Audit plan

- Scope of the Audit
- Client Service Team
- Responsibilities
- Inquiries
- Audit Plan
- Audit Transformation
- Newly Effective Accounting Standards
- Appendix I: Engagement Letter & Peer Review Report

# Scope of the Audit

## Scope of work

*Audit report on the financial statements of UMBA*

## Applicable financial reporting framework

*U.S. generally accepted accounting principles (GAAP)*

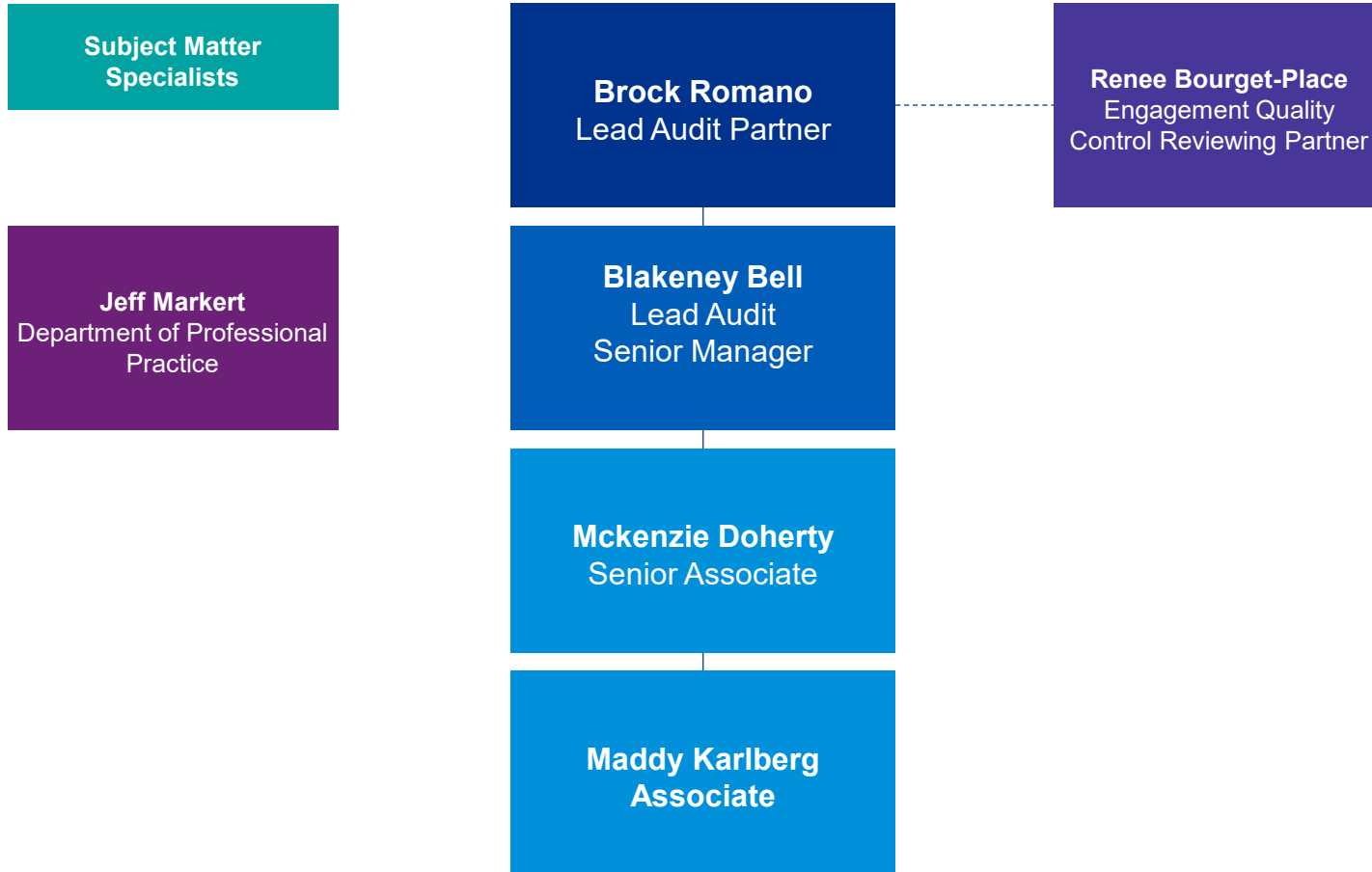
*Governmental Accounting Standards Board (GASB)*

## Applicable auditing standards

*Auditing standards generally accepted in the United States of America (U.S. GAAS)*

*U.S. Government Auditing Standards (GAGAS)*

# Client service team



# Responsibilities

## **KPMG's responsibility**

- We have a responsibility to conduct our audit in accordance with professional standards.
- In carrying out this responsibility, we plan and perform the audits to obtain reasonable—not absolute—assurance about whether the consolidated financial statements are free of material misstatement, whether caused by error or fraud.
- We have no responsibility to obtain reasonable assurance that misstatements that are not material are detected.

## **Management is responsible for**

- Adopting sound accounting policies
- Establishing and maintaining internal control
- Fairly presenting the financial statements in conformity with generally accepted accounting principles
- Compliance with laws and regulations

## **The Audit Committee is responsible for**

- Oversight of the financial reporting process and internal control over financial reporting
- Establishing the appropriate tone/culture of integrity and ethics
- Maintaining effective two-way communications between the operation's committee and external auditors



# Inquiries

## The following inquiries are in accordance with AU-C 260

### Are those charged with governance aware of:

- Matters relevant to the audit, including, but not limited to, violations or possible violations of laws or regulations?
- Any significant communications with regulators?
- Any developments in financial reporting, laws, accounting standards, corporate governance, and other related matters, and the effect of such developments on, for example, the overall presentation, structure, and content of the financial statements, including the following:
  - The relevance, reliability, comparability, and understandability of the information presented in the financial statements
  - Whether all required information has been included in the financial statements, and whether such information has been appropriately classified, aggregated or disaggregated, and presented?

### Do those charged with governance have knowledge of:

- Fraud, alleged fraud, or suspected fraud affecting the Authority?

### Additional inquiries:

- What are those charged with governance's views about fraud risks in the Authority?
- Who is the appropriate person in the governance structure for communication of audit matters during the audit?
- How are responsibilities allocated between management and those charged with governance?
- What are the Authority's objectives and strategies and related business risks that may result in material misstatements?
- Are there any areas that warrant particular attention during the audit and additional procedures to be undertaken?
- What are those charged with governance's attitudes, awareness, and actions concerning (a) the Authority's internal controls and their importance in the entity, including oversight of effectiveness of internal controls, and (b) detection of or possibility of fraud?
- Have there been any actions taken based on previous communications with the auditor?
- Has the Authority entered into any significant unusual transactions?
- Whether the entity is in compliance with other laws and regulations that have a material effect on the financial statements?
- What are the other document(s) that comprise the annual report, and what is the planned manner and timing of issuance of such documents?
- Have any subsequent events occurred that might affect the financial statements?

# Audit plan – Fieldwork timing

## Financial Statement Audit



**Planning and inquiries:**  
May 24th – June 16th

**Final Fieldwork:**  
August 30th – October 8th

# Audit plan – Areas of emphasis

We identify audit and accounting matters that could have a material impact on UMBA's financial statements. We then consider these matters when developing our audit approach and tailor our procedures to address these risks.

## Estimates and Judgments

- Disclosures of commitments and contingencies

## Significant Transaction Areas

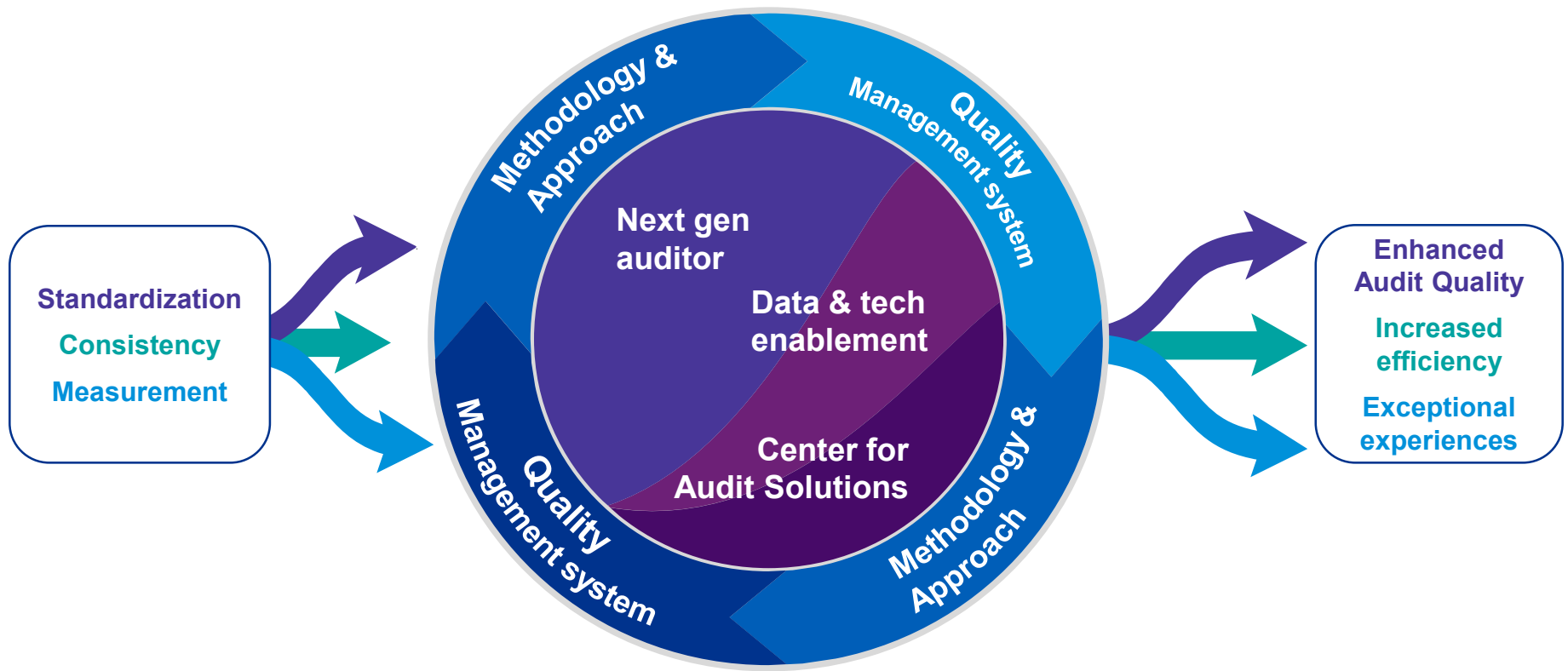
- Cash & cash equivalents
- Capital assets and related depreciation
- Issuance and repayment of debt
- Leasing, public private partnerships and similar arrangements
- Financing income and fees for services and related receivables
- Capital Contributions

## Non-Routine Items

- New transactions, if significant
- Consideration of any other material policy changes
- **Consideration of impact of COVID-19**

# Audit transformation: Driving quality, efficiency, and experience

We are modernizing the audit experience. Our continuous transformation effort will enhance quality and efficiency, while delivering an exceptional experience marked by a responsive team and enriched with audit insights.



# Audit transformation: Technology tools



## Power BI

- Assists team in performing risk assessment and project management activities, through data visualization
- Tool enables users to drill-down and drill-through into underlying populations or files



## Alteryx Designer

- Allows users to:
  - Access, cleanse and join data in any format
  - Prepare data for reports, presentations, visualizations or to feed downstream processes
  - Create a workflow to document, automate and repeat data manipulation tasks
- Intuitive user interface and doesn't require coding

# Newly effective accounting standards

New accounting standards	Effective Date		
	2021	2022	2023
GASB No. 90, <i>Majority Equity Interests</i>	<input type="checkbox"/>		
GASB No. 92, <i>Omnibus 2020</i>		<input type="checkbox"/>	
GASB No. 87, <i>Leases</i>		<input type="checkbox"/>	
GASB No. 89, <i>Accounting for Interest Costs Incurred before the End of a Construction Period</i>		<input type="checkbox"/>	
GASB No. 93, <i>Replacement of Interbank Offered Rates</i>		<input type="checkbox"/>	
GASB No. 97, <i>Certain Component Unity Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457</i>		<input type="checkbox"/>	
GASB No. 91, <i>Conduit Debt Obligations</i>			<input type="checkbox"/>
GASB No. 94, <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>			<input type="checkbox"/>
GASB No. 96, <i>Subscription-Based Information Technology Arrangements</i>			<input type="checkbox"/>



# Appendix I: Engagement Letter and Peer Review Report





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Boston, MA 02111

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Fax +1 617 507 8321  
kpmg.com

May 11, 2021

University of Massachusetts Building Authority  
One Beacon Street  
Boston, Massachusetts 02108

Attn: Ms. Barbara Kroncke, Executive Director

Ladies and Gentlemen:

This letter (the Engagement Letter) confirms our understanding of our engagement to provide professional services to the University of Massachusetts Building Authority (the Authority or UMBA) pursuant to the terms and conditions of the Contract for Services (the "Contract") and the attachments thereto entered into by the parties in May 2019.

### **Objectives and Limitations of Services**

#### *Financial Statement Audit Services*

You have requested that we audit the Authority's financial statements as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), with the objectives of obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud, and issuing an auditor's report that includes our opinion as to whether the presentation of the financial statements conforms with U.S. generally accepted accounting principles.

Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also will:

- Identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion on the financial statements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall financial statement presentation, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





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- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, fraud, and noncompliance with laws and regulations may exist and not be detected by an audit of financial statements even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Also, an audit is not designed to detect matters that are immaterial to the financial statements.

We will also perform certain limited procedures to the required supplementary information as required by auditing standards generally accepted in the United States of America. However, we will not express an opinion or provide any assurance on the information. Our report relating to the financial statements will include our consideration of required supplementary information.

Subject to the remainder of this paragraph, we will issue a written report upon completion of our audit of the Authority's financial statements addressed to the Board Members of the Authority. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending upon the nature of these circumstances, it may be necessary for us to modify our opinion(s), add an emphasis-of-matter paragraph or other-matter paragraphs to our auditor's report or, if necessary, withdraw from the engagement. If, during the performance of our audit procedures such circumstances arise, we will communicate to the audit committee our reasons for modification or withdrawal.

#### *Internal Control over Financial Reporting and Compliance and Other Matters*

We will obtain an understanding of the Authority's internal control relevant to the audit in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

The objective of our audit of the financial statements is not to report on the Authority's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, our objective is not to provide an opinion on compliance with such provisions.

In accordance with *Government Auditing Standards*, we will prepare a written report, *Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards* (GAGAS report), on our consideration of internal control over financial reporting and tests of compliance made as part of our audit of the financial



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statements. This report will include any material weaknesses and significant deficiencies identified during the audit. This report will also include any of the following that we identify or suspect:

- Instances of noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the financial statements or other financial data significant to the audit objectives.
- Instances of fraud that are material, either qualitatively or quantitatively, to the financial statements or other financial data significant to the audit objectives.

The report will describe its purpose and will state that it is not suitable for any other purpose.

In accordance with *Government Auditing Standards*, we will also communicate in writing when:

- Identified or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements comes to our attention during the course of our audit that has an effect on the financial statements or other financial data significant to the audit objectives that is less than material but warrants the attention of those charged with governance, or
- We obtained evidence of identified or suspected instances of fraud that have an effect on the financial statements or other financial data significant to the audit objectives that are less than material but warrant the attention of those charged with governance.

In accordance with *Government Auditing Standards*, we are also required in certain circumstances to report identified or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or instances of fraud directly to parties outside the auditee.

#### *Offering Documents*

Should the Authority wish to include or incorporate by reference these financial statements and our audit report(s) thereon into a future exempt filing, The Authority agrees that the aforementioned auditor's report, or reference to KPMG LLP, will not be included in any such offering document without our prior permission or consent. Additionally, we may be required by the professional standards to perform procedures depending on our involvement with the exempt offering document. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent, will be a separate engagement and the specific terms of our future services with respect to future exempt offerings will be determined at the time the services are to be performed.

In the event the Authority does not obtain our permission or consent to include or incorporate by reference our report(s) on such financial statements, and we are not otherwise associated with the offering document, then the Authority agrees to include the following language in the offering document:

“KPMG LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this official statement.”

#### **Our Responsibility to Communicate with the Audit Committee**

We will communicate our planned scope and timing for our audits with the audit committee, including significant risks identified in planning our audit of the financial statements.



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We will report to the audit committee or those charged with governance the following matters:

- Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.
- Uncorrected misstatements accumulated by us during the audit and the effect that they, individually or in the aggregate, may have on our opinion in the auditor's report, and the effect of uncorrected misstatements related to prior periods.
- Significant difficulties and disagreements with management, if any, encountered during our audit.
- Other matters required to be communicated by auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

We will also read minutes, if any, of relevant committee meetings for consistency with our understanding of the communications made to the audit committee and determine that the audit committee has received copies of all material written communications between ourselves and management. We will also determine that the audit committee has been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform the appropriate level of management about any instances of noncompliance or suspected noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud. Further, to the extent they come to our attention, we also will communicate directly to the audit committee any instances of noncompliance or suspected noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the financial statements, and any instances of fraud that involve senior management or that, in our judgment, cause a material misstatement of the financial statements.

### **Management Responsibilities**

The management of the Authority acknowledges and understands that they have responsibility for the preparation and fair presentation, in accordance with U.S. generally accepted accounting principles, of the financial statements and all representations contained therein. Management also is responsible for identifying and ensuring that the Authority complies with laws, regulations, contracts, and grant agreements applicable to its activities, and for informing us of any known instances of noncompliance or suspected noncompliance with laws, regulations and provisions of contracts and grant agreements. Management also is responsible for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud, for adopting sound accounting policies, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. Management is also responsible for informing us, of which it has knowledge, of all material weaknesses and significant deficiencies in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Management of the Authority also acknowledges and understands that it is their responsibility to provide us with: i) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters; ii) additional information that we may request from management for purposes of the audit; and iii) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of



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management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the financial statements.

To facilitate our audit planning, in accordance with *Government Auditing Standards*, management agrees to identify and provide copies of reports, if applicable, of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented prior to the start of fieldwork.

Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon, taken as a whole. Because of the importance of management's representations to the effective performance of our services, the Authority will release KPMG LLP (KPMG) and its personnel from any claims, liabilities, costs and expenses relating to our services under this letter to the extent any such claims, liabilities, costs and expenses are attributable to any misrepresentations by the Authority in the representation letter referred to above. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

Management is also responsible for providing us with written responses in accordance with *Government Auditing Standards* to the findings included in the GAGAS report within 15 business days of being provided with draft findings. If such information is not provided on a timely basis prior to release of the report, the GAGAS report will indicate management did not provide written responses.

Management is responsible for distribution of the reports issued by KPMG.

#### **Non-audit service - Assistance in Preparing Financial Statements**

We will assist management in preparing the financial statements and related notes in accordance with U.S. generally accepted accounting principles. With respect to the preparation of the financial statements and related notes, our assistance to management will be limited to providing word processing and reproduction assistance.

Our responsibility, by providing word processing and reproduction assistance, is to assist management in preparing the financial statements and related notes using the information provided by management. We will not assume management responsibilities on behalf of the Authority. However, we will provide advice and recommendations to assist management of the Authority in performing its responsibilities as they relate to financial statement disclosures.

The Authority agrees to:

- Assume all management responsibilities, including determining the accuracy and completeness of the financial statements and notes.
- Assign a suitable employee with appropriate skills, knowledge and/or experience to oversee the financial statement preparation assistance and evaluate the adequacy and results of the services.
- Accept responsibility for the results of the financial statement preparation assistance.



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## **Dispute Resolution**

The Parties agree that any dispute or claim arising out of or relating to the Contract or the services provided thereunder shall first be submitted to non-binding mediation as a prerequisite to litigation. Mediation may take place at a location to be designated by the Parties located within the Commonwealth of Massachusetts. If, after good faith efforts, the Parties are unable to resolve their dispute through mediation within ninety (90) days after the issuance by one of the Parties of a request for mediation, then the Parties are free to pursue all other legal and equitable remedies available to them. Nothing herein shall preclude either Party from filing a timely formal claim in accordance with applicable Massachusetts law provided, however, that the filing Party shall, if permitted, seek a stay of said claim during the pendency of any mediation. Either party may seek to enforce any written agreement reached by the parties during mediation in any court of competent jurisdiction.

## **Other Matters**

In the event that any term or provision of this Engagement Letter shall be held to be invalid, void or unenforceable, then the remainder of the Engagement Letter shall not be affected, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

This letter shall serve as the Authority's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and the Authority and between KPMG and outside specialists or other entities engaged by either KPMG or the Authority. The Authority acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

In an effort to facilitate efficient communication between KPMG and the Authority related to the audit and to track engagement progress during the course of the engagement, KPMG may provide the Authority with access to certain online tools. If such access is provided to the Authority, the Authority shall be responsible for: (i) its users' access and use of such tools (including the information its users may upload to such tools and compliance with all laws and regulations applicable to use or access by the Authority's users outside of the United States (e.g. export control and data privacy laws and regulations)), and (ii) protecting the security of the account credentials in its possession for each user including timely informing KPMG when Authority individuals' access should be removed. The Authority acknowledges that it shall not provide third parties (agents or contractors) with access to such tools without KPMG's written consent, use such tools as a system of record, nor use such tools other than for purposes of the audit engagement. The KPMG online tools include technology licensed from Microsoft, and the Authority's use of such Microsoft technology is subject to the Microsoft End-User Terms available at [http://www.kpmginfo.com/NDPPS/media/docs/144210-1A\\_NAS\\_MicrosoftEnd-UserTerms.pdf](http://www.kpmginfo.com/NDPPS/media/docs/144210-1A_NAS_MicrosoftEnd-UserTerms.pdf).

Except as permitted by law or as set forth in this paragraph, neither party shall acquire hereunder any right to use the name or logo of the other party or any part thereof, and any such use shall require the express written consent of the owner party. The Authority agrees that KPMG may list the Authority as a client in KPMG's internal and external marketing materials, including KPMG websites and social media, indicating the general services rendered (e.g., "[Client] is an Audit client of KPMG LLP"). Further, for purposes of the services described in this letter only, the Authority hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of the Authority solely for presentations or reports to the Authority or for internal KPMG presentations and for no other purpose.



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The Authority and KPMG acknowledge and agree that each shall comply with all applicable United States export control laws and regulations in the performance of each party's respective responsibilities under the Engagement Letter. Unless requested by KPMG to allow it to complete its audit, the Authority will not provide KPMG, or grant KPMG access to, (a) information (including technical data or technology), verbally, electronically, or in hardcopy, (b) software or (c) hardware, that is controlled for export by the United States government under the Arms Export Control Act of 1976, Export Control Reform Act of 2018, the International Traffic in Arms Regulations ("ITAR"), Export Administration Regulations ("EAR"), Department of Energy Part 810 Regulations or Nuclear Regulatory Commission Part 110 Regulations, except information, software or hardware that is classified as EAR99 under the EAR ("Export Controlled Information"). If KPMG requests Export Controlled Information from the Authority, the Authority shall provide KPMG with notice of provision of Export Controlled Information at least 48 hours prior to providing such Export Controlled Information to KPMG.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.

The audit documentation for this engagement is the property of KPMG. If KPMG receives a subpoena; other validly issued administrative, judicial, government or investigative regulatory demand or request; or other legal process requiring it to disclose the Authority's confidential information ("Legal Demand"), KPMG shall, unless prohibited by law or such Legal Demand, provide (i) prompt written notice to the Authority of such Legal Demand and (ii) such reasonable cooperation as requested by Authority in order to permit Authority to seek a protective order. So long as KPMG gives notice as provided herein, KPMG shall be entitled to comply with such Legal Demand to the extent required by law, subject to any protective order or the like that may have been entered in the matter. In the event KPMG is requested or authorized by the Authority, or is required by law, rule, regulation or Legal Demand in a proceeding or investigation to which KPMG is not a named party or respondent, to produce KPMG's documents or personnel as witnesses or for interviews, or otherwise to make information relating to the service under the Engagement Letter available to a third party, or the Authority, the Authority shall reimburse KPMG for its professional time, at its then-current standard hourly rates, and expenses, including reasonable attorneys' fees and expenses, incurred in producing documents or personnel or providing information pursuant to such requests, authorizations or requirements.

Pursuant to *Government Auditing Standards*, and subject to applicable provisions of laws and regulations, we are required to make certain audit documentation available in a timely manner to others, including Regulators, upon request. In addition, we may also be requested to make certain audit documentation available to Regulators pursuant to authority provided by law or regulation. If so requested, access to such audit documentation will be provided. Furthermore, Regulators may obtain copies of selected audit documentation. Such regulators may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies.

KPMG, as an accounting firm, has an obligation to comply with applicable professional standards. Certain professional standards, including AICPA Code of Professional Conduct Section 1.700, "Confidential Client Information Rule," adopted by the American Institute of Certified Public Accountants and similar rules adopted by the boards of accountancy of many states, prohibit the disclosure of client confidential information without client consent, except in limited circumstances. KPMG represents to the Authority that KPMG will treat the Authority's confidential information in accordance with applicable professional standards

KPMG may work with and use the services of other members of the international KPMG network of independent firms and entities controlled by, or under common control with, one or more KPMG member firms (together with KPMG, the "KPMG Firms") to provide services to the Authority. In connection with the performance of services under this Engagement Letter, the KPMG Firms may, in their discretion, utilize the services of third party service providers within or outside of the United States to complete the services under



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this Engagement Letter. KPMG Firms and such third parties may have access to your confidential information from offshore locations. In addition, KPMG uses third party service providers within and outside of the United States to provide, at its direction, back-office administrative and clerical, or analytical services to KPMG and these third party service providers may in the performance of such services have access to your confidential information. In particular, KPMG's audit technologies, software productivity tools and certain technology infrastructure and, necessarily, your confidential information, may be hosted in cloud environments operated by KPMG Firms or such third party service providers. In addition, for purposes of fulfilling our professional responsibilities, such as maintaining independence and performing conflict checks, the Authority will be listed as a client in internal KPMG systems accessible on a need to know basis to certain professionals in KPMG International member firms. KPMG represents that it has technical, legal and/or other safeguards, measures and controls in place to protect your confidential information from unauthorized disclosure or use.

You also understand and agree that the KPMG Firms, with the assistance of third parties as outlined above, may use all the Authority's information for other purposes consistent with our professional standards, such as improving the delivery or quality of audit and other services or technology to you and to other clients, thought leadership projects, to allow you and other clients to evaluate various business transactions and opportunities, and for use in presentations to you, other clients and non-clients. When your information is used outside of the KPMG Firms or such third parties assisting them as outlined above, the Authority will not be identified as the source of the information.

As required by *Government Auditing Standards*, we have attached a copy of KPMG's most recent peer review report.

*Reports, Services and Associated Fees*

Appendix I to this letter lists the reports we will issue as part of this engagement. Our fees for professional services to be performed under this letter are contained in Section 5 of the Contract for Services Terms and Conditions between KPMG and the Authority entered into by the parties in May 2019.

In addition, fees for any special audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in this engagement letter and may be subject to written arrangements supplemental to those in this letter.

\* \* \* \* \*

Our engagement herein is for the provision of annual audit services for the financial statements and the Uniform Guidance for the periods described in Appendix I, and it is understood that such services are provided as a single annual engagement. Pursuant to our arrangement as reflected in this letter we will provide the services set forth in Appendix I as a single engagement for each of the Authority's subsequent fiscal years until either those charged with governance or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be annually subject to negotiation and approval by those charged with governance.



University of Massachusetts Building Authority  
May 11, 2021  
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We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Very truly yours,

KPMG LLP

N. Brock Romano  
*Partner*

Enclosures

ACCEPTED

University of Massachusetts Building Authority

DocuSigned by:

50C8465BBD08403...  
Authorized Signature

CFO

\_\_\_\_\_  
Title

5/11/2021

\_\_\_\_\_  
Date



## Appendix I

## Reports and Services

Based upon our discussions with and representations of management, our services will include an audit of the financial statements and related notes to the financial statements of the University of Massachusetts Building Authority as of and for the years ended June 30, 2021 and 2020. Our total fees will be billed in the following installments:

<i>Progress bill</i>	<i>Amount to be billed</i>
<i>May</i>	<i>\$15,000</i>
<i>June</i>	<i>20,000</i>
<i>August</i>	<i>20,000</i>
<i>September</i>	<i>20,000</i>
<i>October</i>	<i>20,000</i>
<i>Upon delivery of reports</i>	<i>7,000</i>
<i>Total fees</i>	<i>\$102,000</i>

Professional standards prohibit us from performing services for audit clients where the fee for such services is contingent, or has the appearance of being contingent, upon the results of such services.

Professional standards also indicate that independence may be impaired if fees for professional services are outstanding for an extended period of time; therefore, it is important that our fees be paid promptly when billed. If a situation arises in which it may appear that our independence would be questioned because of past due unpaid fees, we may be prohibited from issuing our audit report and associated consent.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to clients.

Our commitment to complete the audit are based on the following assumptions:

- The Authority will close its books and prepare all financial statements, related notes and any supplementary information in accordance with U.S. generally accepted accounting principles (GAAP). We will receive a final draft of the Authority's financial statements and relevant supporting information by the first day of fieldwork.
- We will receive appropriate assistance from the Authority's staff with regard to the preparation of detailed supporting schedules, including account analysis and other documentation.
- There will be no material audit adjustments or weaknesses in internal control over financial reporting relative to the financial statements.
- There will be no unusual events, transactions or changes in operations that materially affect the Authority's accounting or significantly increase our auditing effort, other than those identified in our proposal.

- There will be no changes in relevant GAAP, auditing standards or other applicable regulations that impact our audit effort significantly.
- The above services assume no direct Internal Audit assistance in our audits of the Authority's financial statements and federal programs.



## Report on the Firm's System of Quality Control

November 17, 2020

To the Partners of KPMG LLP and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of KPMG LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### ***Firm's Responsibility***

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### ***Peer Reviewer's Responsibility***

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### ***Required Selections and Considerations***

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, audits performed under FDICIA, audits of broker-dealers, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### ***Opinion***

In our opinion, the system of quality control for the accounting and auditing practice of KPMG LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. KPMG LLP has received a peer review rating of *pass*.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.



National Peer  
Review Committee

December 10, 2020

Paul Knopp  
KPMG LLP  
345 Park Ave  
New York, NY 10154

Dear Paul Knopp:

It is my pleasure to notify you that on December 10, 2020, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is September 30, 2023. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Michael Fawley". The signature is fluid and cursive.

Michael Fawley  
Chair, National PRC  
+1.919.402.4502

cc: Michael Wagner, Stephen Hicks

Firm Number: 900010054128

Review Number: 575970



## Report on the Firm's System of Quality Control

November 17, 2020

To the Partners of KPMG LLP and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of KPMG LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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### ***Required Selections and Considerations***

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, audits performed under FDICIA, audits of broker-dealers, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### ***Opinion***

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December 10, 2020

Paul Knopp  
KPMG LLP  
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New York, NY 10154

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Michael Fawley  
Chair, National PRC  
+1.919.402.4502

cc: Michael Wagner, Stephen Hicks

Firm Number: 900010054128

Review Number: 575970

# Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at [www.kpmg.com/ACI](http://www.kpmg.com/ACI)

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